

## Message Text

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ACTION AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 PA-03 USIA-12 PRS-01 L-03

H-02 RSR-01 FTC-01 /115 W

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R 261549 Z APR 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 9280

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E. O. 11652: N/ A

TAGS: ETRD, NI

SUBJECT: AIIC DEREGISTRATION THREAT

1. LOCAL MANAGER AMERICAN INTERNATIONAL INSURANCE CO. ( AIIC)

INFORMED EMBASSY THAT YESTERDAY INSURANCE REGISTRAR  
GAVE HIM LETTER SIGNED BY COMMISSIONER BRIGGS FORMALLY  
LIFTING THREAT OF DEREGISTRATION. INSURANCE REGISTRAR  
ALSO SHOWED

IIC MANAGER A COPY OF ORDER TO BE PUBLISHED  
IN OFFICIAL GAZETTE STATING THAT COMPANY NOW IN FULL  
COMPLIANCE NIGERIAN LAWS AND INSURANCE REGULATIONS.  
IN LOCAL JARGON THIS ACTION " DEGAZETES" AIIC AND CON-  
SEQUENTLY RESTORES ITS GOOD NAME. WE ARE TEMPTED TO  
MARK THIS OCCASION WITH A PROFOUND HALLELUJAH.

2. COMMENT: THUS, 13 MONTHS AFTER APPEARANCE OF GA-  
ZETTE NOTICE OF INTENTION TO CANCEL AIIC' S LICENSE  
TO CONDUCT AN INSURANCE BUSINESS IN NIGERIA, MATTER  
HAS BEEN SETTLED IN MANNER SATISFACTORY TO COMPNAY.  
IN MEANTIME, COMPANY HAS BEEN OPERATING UNDER A CLOUD  
WHICH IN MOST OTHER COUNTRIES WOULD HAVE BEEN MOST HARM-  
FUL, IF NOT FATAL, TO ITS BUSINESS. HERE, RATHER ODDLY,  
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BUSINESS EFFECTS WERE MINIMAL. AFTER AN INITIAL RASH OF POLICY CANCELLATIONS, AIIC'S BUSINESS RESUMED ITS UPWARD TREND AND MANY INITIAL CANCELLATIONS WERE RE-INSTATED. UNSOPHISTICATED NIGERIAN PURCHASERS OF LIFE POLICIES SEEMED TO ASSUME THAT COMPANY MUST INDEED BE A SOLID ONE IF IT COULD WITHSTAND ASSAULT LAUNCHED BY GOVERNMENT. SOPHISTICATED NIGERIAN AND EXPATRIATE PURCHASERS OF GENERAL INSURANCE APPARENTLY CONCLUDED THAT WHEN GOVERNMENT FAILED TO FOLLOW UP, THE CHARGES DID NOT HAVE ANY SUBSTANCE AND WOULD EVENTUALLY WITHER AWAY. PEOPLE HERE ARE USED TO EFFORTS OF MIDDLE-LEVEL OFFICIALS TO HARRASS FOREIGN BUSINESS OUT OF PIQUE OR MORE COMMONLY IN ATTEMPTS TO GET "DASH."

3. PERHAPS MOST DISTURBING PART OF BIZARRE EPISODE WAS MINISTRY OF TRADE'S ABILITY TO SUSTAIN ITS CAMPAIGN WITHOUT PRODUCING ANY SUBSTANCE TO BACK UP ITS SERIOUS CHARGES. WHILE EMBASSY UNCOVERED SEVERAL INCIDENTS THAT HAD CAUSED MINISTRY OF TRADE OFFICIALS TO BECOME IRRITATED WITH AIIC, NONE OF THEM, SINGLY OR TOGETHER, SEEMED SUFFICIENT TO EXPLAIN GRAVE ACTION TAKEN AGAINST COMPANY. ATTITUDE OF KNOWLEDGABLE NIGERIANS WHO WERE SYMPATHETIC TO COMPANY'S PLIGHT MIGHT BE SUMMED UP AS FOLLOWS: BRIGGS' ACTION WAS AN ILL-CONCEIVED ONE; IN TIME SITUATION WOULD BE PUT RIGHT; WHILE COMPANY WAS SUFFERING UNJUSTLY, ITS PLIGHT NOT FATAL.

4. WHILE SUCH EPISODES ARE CERTAINLY NOT ENCOURAGING FOR FOREIGN INVESTORS IT WORTH NOTING (A) CONTRARY TO INITIAL EXPECTATIONS COMPANY DID NOT SUFFER SEVERE FINANCIAL HARM, (B) OFFICIAL WHO INSTIGATED ACTION, MRS. MAJA-WASSIAMAL, WAS REMOVED FROM POSITION AS INSURANCE REGISTRAR, AND (C) EVENTUAL OUTCOME WAS SATISFACTORY TO COMPANY. ON BALANCE, THIS EXAMPLE SHOULD DISCOURAGE SOME OTHER NIGERIAN OFFICIALS FROM INITIATING SIMILAR MISGUIDED VENTURES AGAINST FOREIGN FIRMS.  
REINHARDT

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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